

## **Healthcare Provider Tax**

The Franklin Circuit Court recently affirmed that payments through the Federal Employee Health Benefits Act (FEHBA), CHAMPUS/TRICARE, or Medicare Advantage are not exempt from the Kentucky healthcare provider tax (HPT). In the case of Saint Joseph Health System, Inc. v. Department of Revenue, Finance and Administration Cabinet, Commonwealth of Kentucky (File No. 15-CI-00583, Franklin Circuit Court, Opinion and Order entered March 15, 2016), the Court ruled that the imposition of the Kentucky HPT on payments received from these federal health insurance programs is not preempted.

Accordingly, all nursing facilities must begin reporting bed days covered under FEHBA, TRICARE, CHAMPUS, etc on their July 2016 period HPT tax return due on August 20, 2016.<sup>[1]</sup> This reporting must be done on an ongoing basis and the liability will apply to all reporting periods from July 2016 forward.

If you have any questions regarding this letter or need assistance with filing your HPT returns, please contact the Excise Tax Section within the Office of Sales and Excise Taxes at (502) 564-6823 and select option #3.

<sup>1]</sup> This is inapplicable to the HPT on nursing facility services with respect to Medicare Advantage.